HOURS AND WAGES OF RETAIL CLERKS IN ILLINOIS (OUTSIDE CHICAGO), 1939

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FRANCES MARGARET WHITEHEAD
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SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN
ECONOMICS IN THE GRADUATE SCHOOL OF
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This study was undertaken to investigate the economic status of retail clerks in Illinois, excluding Chicago.

This study was based on information obtained from several sources: Census of Business: Retail Distribution; information from the Illinois Department of Labor, Division of Placement and Unemployment and Division of Women's and Children's Employment; and others. By far the largest amount of material, however, was obtained from the owners, managers, and employees of retail establishments throughout the state. These persons were interviewed by people who assisted in the study. Information was collected regarding wages, hours, and working conditions.

The following classifications were made in order to analyze the material thoroughly:

The state was first divided geographically North to South into three approximately equal sections: Northern, Central, and Southern. Since tests for significant differences in wages showed that none existed between the Central and Southern sections, these two were combined.

Tests of significance of six classifications in sizes of towns showed they could be combined into three classes: those with populations of less than 5,000; 5,000-10,000; and over 10,000.

The classes used by the United States Bureau of the Census were followed for types of stores: food stores, eating and drinking establishments, general merchandise, apparel, automotive, filling stations, furniture and household, lumber and hardware, drug, and all other.

Differentials were found, of course, in both wages and hours in the stores surveyed. Wages were studied in relation to the various factors which might influence them. Considerable variation (from $4 to $60 a week) was found in the wages of retail clerks. The average was $19.36 per week; 66 per cent of the clerks received less than $20 per week.

Wage rates in retail trade differed in various sections of

the state. In the Northern section, which included all of Cook County except Chicago, wages were found to be higher on the average than in the Southern and Central areas. Employees in the Northern section received about $3 more per week than those in the Central and Southern parts. Little difference in wages was found between the Central and Southern areas. Wages in the North were higher in general because of the greater industrialization of that area, and, consequently, the greater demand for labor.

Even greater variations in wages were found among towns of different sizes. No significant difference was found for towns with more than 10,000 population; but between those with more than 10,000 and those with less than 5,000 population, differences ranging from $1 (probably not significant) to $6 per week were found in the various types of stores. Higher costs of living, greater competition among employers for the labor force, and greater productivity of the employees in the larger cities no doubt increased the wage rates in these areas.

The greatest wage differentials, however, were found among the various types of stores. Eating and drinking places had the lowest wage—$14.55 per week; automotive establishments ranked highest with an average wage of $26.12; thus the variation was more than $11.

This differential is not so great as it appears inasmuch as restaurant employees usually receive board in addition to wages. However, the average wage of general merchandise stores was $17.20. The differentials for types of establishments seemed to be due largely to the number of women employed. General merchandise establishments had a large proportion (69 per cent) of women employees. Automotive establishments, and also furniture and lumber establishments (averaging $23.86 and $21.60, respectively) had practically no women employees and ranked highest in wages.

Little difference was found in the wages of persons with grammar school education as compared with wages received by employees with high school education; but those with college education did receive an average of $8 more per week

($26.51 per week) than those without ($18.55 per week).

A considerable wage differential was also found between the wages of men and of women. Twenty-six per cent of the men and 71 per cent of the women received $15 or less per week. There was a difference in the average wages of men and women of $7 per week. The average wage of women was found to be $14.55 and that of men, $21.37 per week.

Numerous factors have been suggested to account for these differences—hours of work, greater physical strength, higher skill, willingness to take responsibility, length of service, immobility, lack of organization, and others—but probably the most important factors are: (1) the attitude of the women themselves—that is, their willingness to work for less because of the abundance of women in a field that is open to them; their feeling that work is only "temporary," even though it may become permanent; and the immobility of the woman worker.

Wages were found to increase with age and length of service. There appeared to be some correlation between higher wages and marriage, but it is probable that the married workers are both older and have greater length of service, so that the increased wages may be accounted for in this way. It was found that, contrary to popular belief, there was not much difference in the length of service of men and women—73 per cent of the men and 79 per cent of the women had been working not more than 5 years. Very little correlation, if any, appeared to exist between hours worked and wages.

The most important effect of unionization appeared to be the elimination of the very low wage group (in those stores that were unionized). The minimum wage under union agreement was found to be not less than $14 per week. However, only a small part of the retail employees in the state are members of unions.

Tips for workers in restaurants and other eating and drinking places, and discounts on goods purchased by employees in the stores where they worked, added to the incomes of some retail employees. More than half of the stores covered in the survey were giving their employees one or two

weeks of vacation.

Since most of the establishments in retail trade are small and have only a few employees, the opportunities for promotion are naturally limited. Raises in pay were given "when business warrants," and without any system in most of the stores.

Wages in retail trade in Illinois were found to be about the same as, or slightly lower than, wages in general, but the wages of women were particularly low. Reasons assigned for these low wages in retailing were the large number of women employed in retail trade, lack of legislative control, lack of unionization, the attractiveness of "white-collar" work, lack of special training and skill required for the work, the "temporary" character of the work, and the declining demand for employees in smaller localities because of the decline in retail sales in small towns. The keen competition among employers for business, and the high percentage of failures in retail businesses are, no doubt, contributing factors in lowering the wages of retail employees. A number of studies have been made which show that there is a high degree of mortality in retail business. The whole system is in a state of continuous change.

Since retail employees are not covered under the Fair Labor Standards Act, legislation has had little influence on wage rates in retail trade. Under Illinois minimum wage laws for women, a study was begun in 1939 with the idea of establishing a minimum wage for women employees in retail trade, but so far no minimum wage order has been promulgated.

Retail stores were found to be in operation for long hours, ranging from 45 to 168 hours per week, or 7½ hours a day for 6 days a week, to 24 hours a day for 7 days a week. Hours vary from store to store and from town to town. The greatest variation was in the different types of establishments —restaurants, filling stations, and drug stores, in general, having the longest hours, and apparel, general merchandise, lumber, and hardware establishments having the shortest hours.

The working hours of women in Illinois are regulated by a maximum-hour law which provides that they shall not work more than 8 hours per day, or 48 hours per week. From 60 to 70 per cent of those interviewed were working the maximum of 48 hours; 20 to 25 per cent were working less than 48 hours; and a few were working more than the maximum hours, even up to 60 hours per week. The average was found to be 47 hours.

In the absence of a maximum-hour law for men applicable to retail trade, considerable variation was found in their hours—from 30 to 92 hours per week. (Less than 30 hours per week was regarded as part-time work). The average was found to be 54 hours per week.

Hours were found to vary according to the section in the state, the size of town, and the type of store. Hours were, in general, longer in the Central and Southern areas than in the Northern. The difference was not so great (Northern 52, Central and Southern 55), but since the differential persisted for the two areas in the different types of stores, (except 2) it is probably significant.

In eight of the ten types of stores, shorter days were worked in larger cities than in the small towns. Since the smaller communities are largely rural trading areas, stores remain open longer and employees work more hours.

Considerable variation was found in the hours worked in different types of stores. Drug stores had the longest working week (average 58 hours), and general merchandise the shortest (average 48 hours). Other stores with long hours were: food, eating and drinking places, and filling stations. These are the same types of stores that are open for business for many hours a week.

Overtime was reported in about one-fourth of the stores surveyed. This may not be indicative of the actual overtime because of the different interpretations of the word "overtime."

Hours in retail trade were in general longer than hours in most other industries. Competitive conditions, a large available supply of labor, lack of legislative control, and

unionization were largely responsible for this difference.

Although weekly wages in retailing were found to be about the same as in other types of industry, the longer hours in retailing make rates of wages low in comparison with other industries.

Improvement in the economic status of retail employees might be brought about by shortening the hours, increasing the wages, or both. But the need to provide shopping facilities at hours when other employed people are free complicates the hour problem somewhat. Both shorter hours and increased wages would add to the costs of the retailer. To decrease the working day would mean a break-down in shopping customs and would no doubt arouse some antagonism from the general public. In some towns the closing time has been changed from 6 o'clock to 5:30 without any great difficulty. Wages are in many stores a comparatively small part of the costs of retailing, and the difference between somewhat higher wages and the present low ones (especially in the low wage group) would not affect prices appreciably if the increase were passed along in its entirety. In many cases it would probably be necessary to pass any such increases on to the consumer, since the margin of profit in many retail businesses is small.

As has previously been pointed out, the demand for and the supply of labor available are important. However, the fact that there was so great a variation in wages for the same type of work within the same town, and even within the same store, suggests that truly competitive conditions do not exist. Probably lack of knowledge of the wages paid and received would account for a situation in which one filling station attendant received $15 per week, while another across the street working for a different employer received $25. To be sure, the productivity of the two employees might differ to a considerable extent, but such an explanation does not seem likely.

The highly competitive conditions among employers are no doubt responsible for many of the differentials that exist in wages and in hours. Both "fair" competition and "unfair" trade practices tend to press upon the individual retailer—especially the small one—and force him to pay low wages and

maintain long hours in order to stay in business. How important a part any unfair practices of the large chains and other large organizations play is difficult to say.

This intense competition in the retail field, however, would make it difficult for the employer to shift any increased cost to the consumer, for some efficient retailers would undoubtedly be able to absorb a part or all of the increased cost while the less efficient ones would have difficulty in doing so.

Whether such wage increases and hour decreases were brought about by legislative action, by unionization, or by some other means would make little difference in the final result. The increased costs of higher wages and shorter hours would probably be borne mainly by the consumer, for the marginal retailer would find it difficult to continue with increased costs or increased prices and would eventually be forced to retire, leaving his competitors in a better position to shift additional costs to the consumer.

Increases through unionization will probably not come soon because of the difficulties of organizing the retail group. Wide divergence of interests in the different types of establishments, small business units, the large number of women employed (women are more difficult to organize than men, largely because of their "temporary" service), and lack of enterprise on the part of the union in organizing workers have made the union rather ineffective in bettering the conditions of retail employees.

Probably the best solution for improving the status of retail employees would be to make them more efficient and more capable of producing (selling) more and consequently of earning more. In some of the types of stores in which higher wages are paid, some attempts have been made by the associations, such as the National Retail Furniture Association, to inaugurate training courses in order to improve the selling technique of clerks and thus make them capable of earning more. The National Retail Grocery Association has perhaps the most extensive plan for such training, but it is comparatively new and thus far has had little effect on the whole situation. Such activity is to be commended, and it is

to be hoped that such courses will increase in number and use.

Since 10 per cent of our working population is employed in retail trade, it might be desirable for high schools to add a course in retail selling to their vocational training courses.

In order to make effective whatever training is available to the employer and the employee in retail trade, and to make its use imperative, it may be necessary to use legislation to force the employer to pay higher wages and to maintain shorter hours. As a consequence, he would then have to employ better trained people in order to be able to pay these higher wages. Because of their increased productivity these employees could then, no doubt, increase their volume of sales even in a shorter working day. If the efficiency and productiveness of the employees were increased, it would then be possible to increase wages without a consequent increase in price to the consumer.

VITA

Frances Margaret Whitehead was born May 16, 1901, to William and Mary (Beckstead) Whitehead in Liverpool Township, Fulton County, Illinois. She received her grammar school education in the rural schools of Fulton County, Illinois; attended the Havana Community High School, Havana, Illinois, and graduated in 1919, having completed the four-year course in three years. She then taught for four years in the grade schools in Fulton County, Illinois. For the next two years she was employed as a traveling representative in the Midwest and South for the Midland Press, Chicago, Illinois. In September, 1925, she entered the University of Illinois College of Commerce and received a B. S. degree in General Business in 1928, completing the four-year course in six semesters and graduating with high honors. In 1928-29 she was employed as Chief Clerk of the College of Commerce and also completed the courses required for an M.S. degree. She received her M.S. degree in 1931, having written her thesis in absentia. For the two years, 1929-31, she was employed by Procter and Gamble in Field Advertising and Personnel Research. In 1932-33 she was employed as a teacher at Brown's Business College and at Bradley Polytechnic Institute, Peoria, Illinois. From 1933 to 1937 she was a commercial teacher at Manito Community High School, Manito, Illinois; and from 1937 to 1940 she did graduate work in economics at the University of Illinois and taught as half-time assistant in the Department of Economics. Since 1940 she has been Head of the Department of Economics and Business, Lindenwood College, St. Charles, Missouri. She is a member of Beta Gamma Sigma and Alpha Kappa Delta.